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FOREIGN AGRICULTURE

July 1961

U.S. and French chefs at Paris Trade Fair

Soybeans, the Miracle Crop

Indonesia's Rice Problem

Market Development—Concept and Program

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

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July 1961

Market Development

One of the principal responsibilities of the Foreign Agricultural Service is expanding markets abroad for U.S. farm products.

In this issue, we report on three aspects of this work: International trade fairs, marketing specialists, and analyses of foreign market development thus far.

The Paris Fair, pictured on the center spread of the magazine, was one of 7 worldwide international fairs in which the United States is participating this year. Here, 400,000 French people saw and sampled U.S. processed foods.

On page 9, Marketing Specialist Guy A. W. Schilling discusses new and old customers for U.S. cotton in Asia. He concludes that a baker's dozen of Asian countries are greatly expanding their textile industries and have great potential as new or bigger customers for our cotton. Dr. Schilling's analyses and recommendations are quite specific and should have considerable interest for U.S. cotton producers.

Authors Elmer W. Learn and James P. Houck, Jr., of the University of Minnesota pose the question: "How can market development be made a more effective instrument of U.S. agricultural and trade policy?"

Their answer, based primarily on a 1960 study of marketing activities in West Germany, is carried in this issue as the second in a series of three re-evaluations of U.S. market development abroad. The first covered Japan in the April magazine; the third, on Italy, will appear in the August issue.

Those interested in foreign market development will also find a recent task force report of value. It is called "Industry and Government Cooperation in Foreign Agricultural Market Development," and is available at FAS.

Cover Photograph

U.S. and French chefs at Paris Trade Fair. Left, André Devillier, executive chef of New York's Waldorf-Astoria, shows Gauthier De La Haut, chef from Le Grand Vefour, one of Paris' oldest fine restaurants, how to get the most white meat from an American turkey. (Photograph by Van Der Veen.)

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The Miracle Crop
SOYBEANS

A glowing future is predicted for the fifth most important cash crop in the United States

By Robert H. Reed
Foreign Agricultural Service

Soybeans have been grown and written about for at least 3,000 years, but the real dramatics in the story of this "miracle" crop belong to the present and the future. Perhaps no crop in all our agricultural history has matched the phenomenal growth of this golden bean in the past few years, and surely none has a more promising future.

As far back as 2838 B.C., Chinese Emperor Shen Nung described 300 medical remedies derived from the soybean, and throughout this long chapter of history the Orientals have used soybeans in their diet. Each year new properties of soybeans are discovered.

Seed of this crop came to the United States around the turn of the century and its arrival caused so little stir in agricultural circles that no single individual can be credited with its introduction. It was given a relatively unimportant assignment on the farm, merely contributing to soil fertility and providing an acceptable forage for livestock. Europe imported large quantities of soybeans before the United States did, but the real gold in soybeans was undiscovered for many years.

But since then—largely because of worldwide use of soybean meal in a burgeoning poultry and livestock industry—consider what has happened to the soybean crop in modern U.S. agriculture:

- 78 million bushels were produced in 1940, 559 million bushels in 1960.
- Fifteen years ago, only 5 million bushels were exported; in 1959-60, 141 million bushels.
- Relatively unimportant as a cash crop for many years, soybeans now provide a billion-dollar-a-year income for U.S. growers.

World Soybean Market

Few if any people who grow, process, or export soybeans and oil believe that this commodity has reached its full stature. World need for protein and oil is apparent. It seems certain that the United States, already the biggest supplier, will be required to go even farther in meeting the demand from nations with growing populations, rising standards of living, and increasing numbers of livestock.

Particularly encouraging is the outlook for beans and oil in the months and years ahead, as seen by the Foreign Agricultural Service in Washington:

The United States and Communist China produce more than 90 percent of the world's soybeans and export nearly 100 percent of the total world volume traded. Exports from China have been trending upward in recent years, reaching a peak of nearly 60 million bushels in the 1959 calendar year. This peak is still below prewar averages.

Trade figures from China are fragmentary and unreliable, but all reports indicate a major food shortage in that country. Some soybeans from Manchuria may be moving into China proper instead of world markets. Thus, the probable absence of China from the soybean and vegetable oil market would indicate an increased demand for U.S. products. This potential demand is moderated somewhat by larger supplies from competing oil sources, such as rapeseed from Canada, peanuts from West Africa, and larger supplies of animal fats in Western Europe.

World production of fats and oils in 1961 is expected to trend upward and reach a new high of 32.2 million tons. The United States produces about one-quarter of the world's fats and oil and is expected to account for about a fourth of the 1961 increase.

U.S. exports of soybeans in 1961 are not expected to differ greatly from last year's record level of 141 million bushels, mainly because of relatively tight supplies at home.

U.S. exports of edible oils (cottonseed and soybean) in the current marketing year are expected to set a new high of about 1,500 million pounds shipped abroad.

U.S. exports of soybeans over the next five years are expected to increase 40 percent or more. This will reflect the inability of other countries to increase their exportable supplies proportionately. It is possible that Asia, which at present is a major source of exportable supplies, may become a net importer in the long run. In that area, population is rising rapidly and present consumption is low.

World Demand

In Europe, strong demand for meal to support increasing livestock, as well as a desire to utilize crushing capacity, will encourage imports of oilseeds, particularly soybeans. The soybean is a major source of protein in the Japanese diet. Also, the use of meal in animal feed is increasing. With the lifting of restrictions on soybeans, probably in July 1961, prices of soybeans in Japan are expected to decline and should result in a great expansion of consumption in the next few years.

U.S. exports of edible oils are ex-

(Continued on page 16)

Above, Indonesians ready a hillside paddy for improved seedlings they hope will produce a much bigger rice crop.

Indonesia's Rice Problem

"... a matter of life or death"

By JAMES E. ROSS
Regional Analysis Division
Economic Research Service

"The rice problem for Indonesia is not merely an important issue, but a matter of life or death." This statement, recently issued by Indonesia's Minister of Agriculture, need not be true. But today, in Indonesia's "guided economy," it is true.

Indonesia is a large country (about equal to the United States east of the Mississippi), vastly rich in agricultural and mineral resources. It is now, or has been, an important world supplier of rubber, palm oil, sisal, kapok, copra, quinine, tapioca, sugar, tea, pepper, coffee, petroleum, and tin. Exports of agricultural products account for almost two-thirds of the country's foreign exchange earnings. Petroleum and tin, with their derivatives, account for most of the remainder.

If Indonesia could maintain a high level of production of these crops and increase its foreign exchange holdings through their exportation, then the country could afford to buy rice and other commodities on the world market. But production of commercial crops has been erratic, mainly because of government action causing changes in control and management of estates. Increased smallholder rubber production has largely offset the decline in estate production, but in other crops—such as sugar, palm oil, and tea—exportable supplies have fallen.

Total agricultural production last year was only 14 percent higher than the 1952-54 level. This was not enough to compensate for the increasing population, and per capita production fell 2 percent below the base period. Laos is the only other country in East Asia that has not been able to increase production at a faster rate than the population growth.

In addition to production of export crops, many factors affect Indonesia's buying power in the world market. Among the more important are smuggling and internal problems, such as inflation and rebellion. Since there does not appear to be an immediate solution to such problems, the country is not expected to reach a strong importing position in the near future. Thus, if Indonesia is to provide for its people, it must increase production—especially of food crops.

Rice is the most important food in the Indonesian diet. If necessary, it can be supplemented with sweetpotatoes and cassava. But rice is the real staple, and Indonesians appear able to consume whatever amount is available.

Indonesia's total requirement for rice in 1961 is estimated at 9.5 million tons. The current crop of an estimated 8.7 million tons—and imports of 800,000—would fill this demand. However, this depends on increased production through a "grow-more-rice" campaign, which may fail of its objective because of recent damage from flood and standing water.

By the end of this year, Indonesia's population will number about 95 million. Thus, per capita consumption will be 100 kilograms—if production and imports are realized. If production is lower than estimated and imports are not increased, per capita consumption will be lower than this.

Although Indonesia is planning to import 800,000 tons of rice this year—it imported 900,000 tons last year, and has imported over 700,000 tons on the average annually during recent years—the country plans to stop rice imports by next year. According to the Ministry of Agriculture, Indonesia will even have a slight surplus by the end of next year.

This rapid change in rice production is to be brought about through a 3-year program known as "Operation Prosperity." This is part of the government's overall *Sandang-Pangan* (clothing and food) program. Under the 3-year plan, paddy centers will provide farmers with high-yielding seedlings and fertilizer. Emphasis is being placed on increasing yields rather than opening new lands, which are considered longer term projects.

The success of the paddy centers during their first year of operation has spurred the government to move the plan 1 year ahead of schedule. Only 125 of these centers had been planned by the end of 1960, but actually 155 were successfully established. Plans now are to increase the number throughout Indonesia to 500 by the end of this year rather than 1962.

Also, functions of the paddy centers will be intensified this year. The area serviced by all centers will be enlarged from 1.2 million acres to 7.4 million; amounts of superior paddy seedlings made available to farmers will be increased from 25,000 tons to 150,000; and use of fertilizer will be increased from 50,000 tons to 300,000. Government credits for boosting rice production will be 500 percent greater this year than last.

A large part of the rupiah cost of these projects will be financed by grants and loans from rupiah funds generated under Public Law 480. Indonesia has purchased about $70 million worth of rice from the United States under P.L. 480, including 75,000 metric tons in November 1960 and 30,000 in March 1961. However, most of Indonesia's rice imports come from Burma and Thailand.

The Ministry of Agriculture estimates that Indonesia will be producing 15.3 million tons of rice by 1968. This is almost 2 million more than needed for home consumption. It also provides for increasing per capita consumption from less than 100 kilograms at the present time to 115 in 1968. This can only be achieved through increased production and purchasing power.

To raise purchasing power, Indonesia embarked this year on an 8-year plan to raise national income by 11.6 percent. This is Indonesia's second attempt to carry out a large-scale economic development plan. The first, a 5-year plan designed to begin in 1956, was not approved until late in 1958. It fell short of its goals: rice production in 1959 was half a million tons short of the expected 8.6 million.

Whether production goals of the new plan can be achieved remains to be seen. Indonesia has had many plans and slogans designed to increase production and gain self-sufficiency, yet population expansion appears to be winning the race. This increased demand has been partly alleviated by U.S. agricultural surpluses. Since 1956, Indonesia and the United States have signed agreements under P.L. 480 for $168 million worth of products. These have helped build better relations between the two countries.

At the signing of the last commodity agreement, the Indonesian Foreign Minister said, "Gradually the United States of America and Indonesia have built up a close relationship . . . not only in the abstract meaning of the word but a relationship which is given complete substance in the sense of economic cooperation, technical cooperation, and a growing feeling of esteem between the two peoples."

Photos courtesy ICA

Above, an Indonesian official tests an automatic head thresher for rice, which the village woman, below, prepares as the most important food in the Indonesian family diet.

Market Development
—the concept and the program

Three universities have been evaluating the U.S. market development program, at the request of FAS. A report from Purdue, on Japan, was summarized in our April issue.

By ELMER W. LEARN
and JAMES P. HOUCK, JR.*
University of Minnesota

After 7 years of experience with what was initially an experimental activity—the development of foreign markets for U.S. agricultural products—it is appropriate to ask ourselves, How can market development be made a more effective instrument of U.S. agricultural and trade policy?

A look at the past shows that the program has not only stimulated widespread foreign interest in U.S. agricultural products, but helped to expand exports of them. A look ahead, however, shows that as a guide for planning future activities, the market development concept itself may need some rethinking.

What Market Development Is

To date, market development projects have consisted largely of activities in foreign countries. This has been due in part to the practice of financing projects with foreign currencies under section 104(a) of Public Law 480. But the marketing process, even for foreign sales, begins on U.S. farms. It is appropriate, therefore, that market development begin there also, and that it be thought of as including everything designed to increase foreign sales of U.S. products. Legitimate market development thus has a wide scope. It may range from recommendation of the crop varieties desired by foreign buyers—at the production end of the marketing process—to advertising in German newspapers—at the consumption end. In between are all sorts of other activities, such as the establishment of market channels for "new" commodities (like U.S. frozen poultry in Germany), the modification of existing market institutions (for instance, revision of export grades and standards or CCC regulations), promotion campaigns and market research.

Market promotion, then, is only one phase of market development. Promotion takes place at or near the consumption end of the marketing system. It is designed to increase sales of a commodity under *existing* market conditions, primarily through education and persuasion. Market development as a whole, however, includes not only promotion, but also efforts to increase sales by *changing* existing conditions.

Perhaps an analogy will clarify the point. Think of the marketing system as a set of pipes connecting U.S. farms with overseas consumers of our export commodities. Market development involves any action taken to increase the flow of commodities through the system. This includes increasing the suction at the other end (market promotion), but it also includes straightening out kinks and bends in the pipes (improving grades and standards), removing internal obstructions (getting trade barriers relaxed), and placing a more rapidly flowing substance in any particular pipe (producing a more desirable export commodity). Market development efforts so far have been directed mostly at increasing the suction, and too little at facilitating the flow through the other methods.

Expanding the Program

We suggest that the market development program should provide for a more comprehensive attack on the problem of expanding overseas sales. It should include work in the United States as well as overseas. Here at home there are important opportunities to enhance the competitive position of our products in foreign trade; and if these opportunities are grasped, foreign buyers will be enabled to purchase products of dependable quality from the United States as conveniently as they can from competitors, and at comparable prices. This means providing export quality control, appropriate packaging, better information to foreign buyers, and the varieties desired in foreign markets. The revision of grades, standards, and CCC practices should also be considered.

Some of these "at home" market development efforts are already being performed by the Foreign Agricultural Service and by commodity organizations, but they are not included in the section 104(a) framework. It would be desirable to coordinate these activities within a broadened market development program. If this were done, necessary changes in the United States could receive as much attention as the more dramatic overseas activities.

Such a concept of market development certainly does not rule out promotion in foreign markets. Instead, it surrounds promotional activities with appropriate nonpromotional features that make them more effective. In terms of the analogy, it improves the devices for increasing suction.

Financing

This enlarged concept of market development could not exist exclusively within the 104(a) framework. For a larger framework to match, therefore, we suggest that financing be provided through dollar appropriations as well as foreign currencies, and that foreign market development be made a permanent U.S. Government activity.

This suggestion does not imply that the industry cooperators should play a smaller role; in fact, it would be desirable if their role could be expanded. As a general rule, their responsibility should be in proportion to the maturity of the market. Thus, in well-established markets where the principal activities would probably be promotional and where benefits would accrue immediately, industry groups should assume major responsibility including financing.

In new or undeveloped markets, short-run losses may occur, and important educational and research activity both at home and abroad may be required. Here, the government's role both in financing and in planning should be substantial, and industry financing may be moderate in scope. Yet industry participation is every bit as important as in established markets.

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*The authors' findings are based on their study of activities in West Germany during the summer and fall of 1960. The complete evaluation report is being published by the Minnesota Agricultural Experiment Station.

Since public funds are involved, it is crucial that the government assist in planning and supervising market development activities, to insure that the goals of a specific commodity project do not conflict with the broader goals of the United States generally—including those of U.S. agriculture. This government responsibility may necessitate an increase in attaché resources in countries that are important foreign markets for our products.

Public Relations

One other aspect of market development deserves greater attention. There is a need to coordinate overseas operations, so that we can capitalize on opportunities to strengthen the public relations position of U.S. agriculture. An example of a step in this direction is the series of trade luncheons sponsored by the U.S. agricultural attaché in Germany with the cooperation of U.S. trade representatives in that country. Another effective way of combining market development with public relations is the U.S. trade fairs program. Crossing commodity lines, these fairs speak directly to the public as well as to individual trade groups. They also, of course, provide excellent opportunities for private industry both here and in the host country to establish fruitful trade contacts.

The market development program is already an effective tool of U.S. agricultural and trade policy. Broadening the scope of activities to be included in the program would greatly improve its effectiveness. Yet there are no formulas for successful market development projects. Each commodity situation in each country presents a new challenge—sometimes to be faced within the foreign country itself, sometimes to be met by working for improvements within the U.S. marketing system. Resourceful individuals in the U.S. Government and the cooperating organizations must continue to devise market development methods that fit the needs of each situation and accord with the overall objectives of U.S. agricultural trade policy.

Latin America Advertises Its Coffee, Denmark Its Big Food Fair in Aarlborg

Just as the United States shows its food products abroad, so other countries bring theirs here. Right, Coffee Day at Washington's Pan American Union. Here some VIP's are being served—coffee was also free to the public that day.

Below, this gigantic bus made a cross-country tour of the United States to promote Danish food as well as last month's Danish Food Fair in Aarlborg. Right, Danish Consul in Detroit. George Everson, and his wife view delicacies shown in bus.

Soluble Coffee—A Worldwide Industry

The rapid growth of the soluble coffee industry the world over is bringing some new elements into the coffee trade picture. The article below sets forth the background, present state, and future prospects of this young industry.

By LESLIE C. HURT and WINFIELD C. KING
Sugar and Tropical Products Division, Foreign Agricultural Service

For over 60 years, people have been trying to produce a concentrated coffee extract with the flavor and aroma of regular coffee. Nobody has quite reached this goal; but the idea has won such wide consumer approval that in recent years the soluble coffee industry has spread around the world.

In 1960, about 10 percent of the 7.3 billion pounds of coffee the world consumed went into the manufacture of soluble coffee. Many officials in coffee-growing countries are convinced that this product rather than regular coffee may win the new customers—both at home and abroad—that coffee needs. This conviction is reflected in the recent sharp expansion of the industry in the coffee-producing areas of Latin America. Previously, it had been centered in the coffee-importing countries of Europe and North America.

Since World War II, soluble coffee itself has become important in world trade. Foreign trade in the new product was an estimated 20 million pounds by 1960—10 percent of total output. Further increases are bound to influence the operation of the International Coffee Agreement, which up to now has set quotas only for green coffee.

The United States and Canada

The first coffee concentrates were made in the United States about the turn of the century. Dr. Sartori Kato, a Japanese chemist living in Chicago, made a large order for the Ziegler Arctic Expedition in 1901-02, and introduced the product to U.S. consumers. Early solubles lacked the true coffee taste and fragrance and had other undesirable qualities. But the idea had such obvious advantages that new processes kept being developed and patented.

Use of the new product was stimulated by two successive wars. During World War I, the U.S. Army bought the entire output of several factories. Thus, soluble coffee was introduced to large numbers of young men; and after the war, its use increased. It was not until 1939, however, that there was widespread commercial distribution. Large-scale Army purchases during World War II—more than 250 million pounds for military rations—gave an added boost. During and just after the war, both U.S. troops and coffee-starved Europeans blessed the availability of coffee in this form.

When rising postwar prices brought on consumer resistance to regular coffee, sales of instant were sparked by its lower cost as well as its convenience. Several large coffee companies opened factories and began intensive promotion of their brands in both instant and regular form. Consumption of instant coffee rose steadily. From an unimportant part of the U.S. coffee market immediately after the war, instant coffee increased its sales to 11.7 percent of total green coffee sales in 1954 and to 17.2 percent in 1959. By that time, it accounted for more than 1 cup out of each 5 and in 1960, retail sales exceeded $450 million.

In Canada, too, people have been downing more and more coffee in the soluble form. Canada has four firms that in 1960 produced around 10 million pounds, and for the past 3 years the country has been importing an additional 5 million pounds.

Europe

Begun on a small scale before World War II, Europe's soluble coffee industry expanded during the 1950's, but in 1959, consumption was still only 6 to 8 percent of total coffee imports.

Europe's largest producer and consumer is the United Kingdom. Estimates of its output range from 18 million to 26 million pounds a year. According to the London *Financial Times*, solubles accounted for 85 percent of total U.K. coffee sales in 1960.

West Germany, which produces about 6.6 million pounds, utilizes 5 to 6 percent of its total coffee bean imports in this form. For Switzerland, with an output of 3.3 million, the percentage is 12 to 15. Most other West European countries now produce some soluble—France, 5.5 million pounds; Denmark, 3 million; Belgium and the Netherlands together, about 2 million; Italy, about 500,000; Austria, Spain, and Norway about 100,000 each; Ireland, only a small quantity. Greece, Portugal, and Sweden produce none, though Portugal plans two plants.

Latin America

In the United States and Europe, output increased primarily because of shortages and high prices of green coffee in the early 1950's. But in Latin America, the expansion of the new industry represents an effort to whittle down coffee bean surpluses by increasing local consumption of the new product and developing export outlets for it. Nearly every Latin American Republic has at least one factory, and some have more. It is Brazil, however, with the world's biggest coffee-surplus problem, that is now going into this business in the biggest way.

In May 1960, the Brazilian Coffee Institute announced that it would allot up to 1 million bags of green coffee annually to plants already established or to be built, and that it would guarantee the purchase of part of the production. The Institute will buy up to 80 percent of the output the first year, 60 percent the second, 40 percent the third, and 20 percent the fourth.

By mid-1960, 11 new Brazilian firms had applied for approval under the terms of the program. The proposed plants will be built in São Paulo, Paraná, Guanabara, and Minas Gerais States. Execution of the total program would result in nearly 32 million ad-

(Continued on page 16)

The Philippine Republic is among the Asian countries which have become postwar buyers of U.S. cotton. Here the author visits a cotton mill in Manila.

U.S. Has New Customers In Asia for Its Cotton

By GUY A. W. SCHILLING
Cotton Division
Foreign Agricultural Service

Since the end of World War II, U.S. cotton has found 13 new markets in Asia—Lebanon, Israel, Pakistan, Ceylon, Burma, Thailand, Singapore, Indonesia, Vietnam, Hong Kong, the Philippine Republic, Taiwan, and Korea. By the end of the 1959-60 season, these countries were buying over a million of the 3.3 million bales the United States sold to Asia Their 1960-61 purchases may be up 10 percent.

Asia's markets for U.S. cotton also include two top-ranking ones—Japan and India, which together have pushed the Asian share of total U.S. cotton exports to 44 percent. But both are older markets, and the Indian one will diminish as local cotton output rises.

Lebanon has 3 cotton mills, with a total of 75,000 spindles and 1,350 looms. One of these has bought U.S. cotton, and all have indicated that they would do so except that neighboring Syria can supply more favorable terms.

Israel has a booming textile industry with 200,000 spindles. Local cotton output is 45,000-50,000 bales; requirements are nearly 100,000. The difference is made up largely by Turkey and Greece under clearing accounts balances. There are still opportunities for U.S. cotton with free dollars; however, these opportunities may not last much longer, for Israel is aiming at cotton self-sufficiency.

Pakistan uses mostly its own cotton in operating its 2 million spindles. However, for fine yarns it depends on the extra-long-staple U.S. cotton provided under Public Law 480. This situation will continue while its foreign exchange holdings are insufficient.

Ceylon, with a spindlage of only 26,000 for the past 50 years, has now added a new mill with 13,000 spindles and as many more on order. The Ceylonese have bought some U.S. cotton and might do so regularly if foreign exchange problems could be settled.

Burma still has only one cotton mill, but plans others. For the past 3 years it has been buying some U.S. cotton through a state agency, and will probably continue this until it can improve the quality of its own cotton.

Thailand, with 10 mills, 68,000 spindles in operation, and plans for 208,000 more, is already buying most of its cotton from the United States. This pattern should continue as the industry's expansion picks up speed—unless local production catches up with mill capacity and improves in quality.

Singapore has one mill, which is planning to build a spinning mill in the Federation of Malaya, and to increase its own spindlage from 12,800 to 14,000. U.S. cotton should keep on being used in the area, if the price stays competitive; and the Malayan expansion could increase takings.

Indonesia, at present a textile importer, is raising its spindlage to 180,000 this year and has plans for a very much larger expansion. Already a good market for U.S. cotton, it could thus become an even better one.

South Vietnam has 2 new mills and one old one with a total spindlage of about 45,000; about 37,000 more spindles are to be installed this year. These mills have spun only U.S. cotton.

Hong Kong has over 450,000 spindles in operation and about 63,000 more planned. This season it will again use much U.S. cotton—perhaps up to 300,000 bales—though it buys from nearly all cotton-exporting countries.

The Philippine Republic has materially increased its spindlage in the past 4 years and expects to have over 500,000 by the end of 1961. The government is encouraging cotton production; but Philippine mills prefer the quality high-imports, and will remain good customers for U.S. cotton.

Taiwan, too, has plans for expanding its spindlage—by 75,000 over the current 400,000. Cotton imports will probably remain at about 200,000 bales while they are being financed under U.S. aid programs.

Korea has some 450,000 operable spindles. Its busy industry fears the possibility of shutdowns owing to irregular supplies; but P.L. 480 shipments have eased this situation, and while they continue, sales to Korea will remain at some 300,000 bales a year.

Thus the trend toward textile expansion in Asia is plain. By seeing that Asian newcomers to the textile business are thoroughly briefed on the customs and terms of the U.S. cotton trade, U.S. cotton exporters could perform a real two-way service.

Located at the Fair's main entrance, the U.S. Pavilion got the crowds both coming and going. Left, a view from the front; below, looking down at the throngs of Whitsunday.

U.S. Foods at Paris Fair

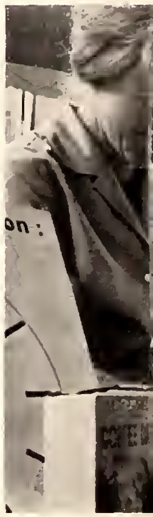
An American accent on convenience, plus a French accent on fine cookery—this happy combination helped introduce more than 400,000 French visitors to the wide range of American processed foods displayed in the U.S. Pavilion at the Paris Trade Fair, May 18-29.

French visitors saw just the kind of packaged foods American shoppers buy at the supermarket. They also saw and tasted the dishes and beverages prepared from these products.

The USDA exhibit frankly stressed the quick-and-easy features of the U.S. foods, and demonstrated their adaptability to good cooking—French or American.

The comment of one Frenchwomen, married and the mother of three children, was typical: "Like American women, we too would like to spend less time in the kitchen. We will always love good cooking, but meals that take hours to prepare are less appealing than they once were. Convenience foods could well be what we need."

Left. Frenchwomen eagerly watch the dishes being prepared from processed rice; right, demonstrator shows her French assistants how to use U.S. cake mixes.



Photos by Van Der Veen

These young early birds began their day at the Turkey Snack Bar; later comers had to line up for turkey sandwiches, rice, cranberry sauce, and orange drink.

Stars Genevieve Cluny and Jean Seberg study turkey-carving with Chef Oliver, who admires the plump American bird.

was their lucky day. Joelle and Monique Bernard
a number that won them a basketful of U.S. foods.

Above, a spellbound crowd sees the magical mixing qualities of U.S. nonfat dry milk; at right, a pretty French demonstrator pleased at the pleasure of two young customers.

Located at the Fair's main entrance, the U.S. Pavilion got the crowds both coming and going. Left, a view from the front; below, looking down at the throngs of Whitsunday.

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The USDA exhibit frankly stressed the quick-and-easy features of the U.S. foods, and demonstrated their adaptability to good cooking—French or American.

The comment of one Frenchwomen, married and the mother of three children, was typical: "Like American women, we too would like to spend less time in the kitchen. We will always love good cooking, but meals that take hours to prepare are less appealing than they once were. Convenience foods could well be what we need."

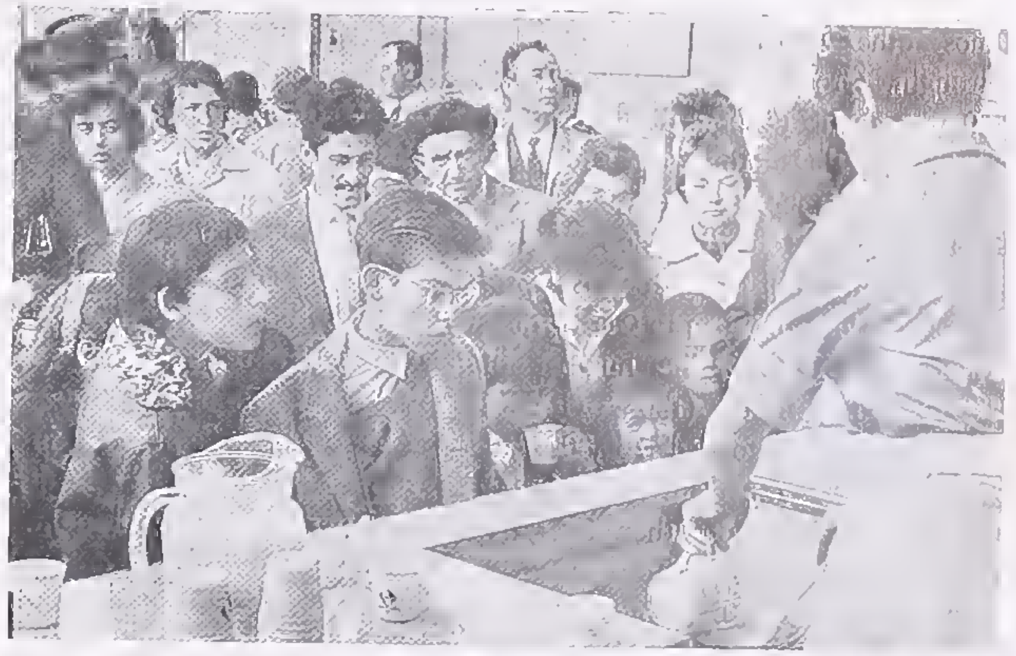
Left. Frenchwomen eagerly watch the dishes being prepared from processed rice; right, demonstrator shows her French assistants how to use U.S. cake mixes.

Photos by Van Der Veen

These young early birds began their day at the Turkey Snack Bar; later comers had to line up for turkey sandwiches, rice, cranberry sauce, and orange drink.

Stars Genevieve Cluny and Jean Seberg study turkey-carving with Chef Oliver, who admires the plump American bird.

s was their lucky day. Joelle and Monique Bernard w a number that won them a basketful of U.S. foods.



Above, a spellbound crowd sees the magical mixing qualities of U.S. nonfat dry milk; at right, a pretty French demonstrator pleased at the pleasure of two young customers.

West Germany Surveys Its Agriculture

Germany's 1961 farm plan stresses measures to deal with a continued problem—the gap between farm and nonfarm income

The West German Government's 1961 "Green Plan" calls for a 30 percent increase in farm aid. This will go into stepped-up assistance payments to farmers to raise farm incomes and reduce farm costs—and for long-term programs aimed at developing the structure of German agriculture.

The 1961 Green Plan, like its five predecessors, is an annual agricultural assistance program based on the "Green Report," an analysis of the current state of West German agriculture which the Federal Government must submit each year to Parliament.

The 1961 Green Report

In the fall of 1959, West Germany harvested a record grain crop, but most other crops were damaged by drought. Gross crop output for 1959-60 was about 12 percent lower than in the previous crop year, and self-sufficiency (imported feeds not included) declined from 70 to 66 percent.

Fragmentation of farms still presents a serious problem to German agriculture. In 1960 the number of "commercial" farms (those with 12 acres or more) totaled 769,500, accounting for 47 percent of all farms, or 6½ percent more than in 1949. However, farms are still very small.

During 1959-60, about 100,000 full-time workers left agriculture—a decline of about 4 percent in the total farm labor force. This decline was accompanied by a considerable increase in farm wages, though not to the level of those in industry.

The farm labor shortage seems to have become permanent. It is a serious threat to the many medium-sized family farms whose owners cannot now afford to hire workers to replace family members that have left home. At the same time, the labor shortage has operated as a stimulus for increased mechanization and productivity.

The decrease in the number of farm workers is partly offset by the increase in farm mechanization. About 70 percent of gross farm investment continues to be in the form of new machines, and about 50 percent in the form of tractors. By the end of 1959, there were 778,000 tractors (up 27 percent from 1957)—or about one per 42 acres of agricultural land. During the 1960 harvest, some 46,000 combines were in use (up 155 percent from 1957)—or about one for each 11 farms. Increased mechanization is not, however, considered an answer to Germany's farm labor problem; for even on the larger holdings, farm structure and production patterns do not always lend themselves to mechanization.

By both measures the Federal Government uses in assessing farm income, the German farmer's economic situation has deteriorated since 1958-59.

Agriculture's net cash income declined by about 8 percent, for although gross farm sales receipts went up by $160 million to $4,789 million, current expenditures went up still more—by $288 million to $4,629 million. About half this increase in expenditures came from larger feed purchases owing to the 1959 drought. The individual farmer's income (a figure based on the bookkeeping results of some 8,000 representative farms) rose by almost 3 percent; but nonfarm wages increased about 7 percent. Thus the gap between farm and nonfarm wages actually widened.

It is said that the income disparity within agriculture itself has now also become a problem, which some observers think has yet to be solved.

The 1961 Green Report presents an optimistic outlook for agricultural income during 1960-61. Gross crop output is expected to rise some 20 percent, though cash receipts for crop marketings—because of the poor quality of the rain-damaged grain harvest—will probably be only about $25 million above last year's.

Receipts from the sale of livestock and its products are expected to increase by about $175 million. With lower feed purchases, current expenditures will decline from about $3.4 billion to about $3.3 billion; and this will mean a larger net cash income for the German farmer this year.

The gap between farm and nonfarm incomes, however, is likely to go on increasing, in view of the higher wages available outside agriculture.

The 1961 Green Plan

Germany's farm aid plan provides for $475 million in direct government support to agriculture, about 10 percent of total net product of agriculture. The ordinary appropriations have been increased by $32 million, and for this year there is an additional appropriation of $75 million, termed "nonrecurrent." This includes some special one-time items of which the two largest are retroactive milk subsidies for 1960 and cheap credits for mechanical and technological improvements in family farms.

About 40 percent of the total funds provided under the Green Plan will go into long-term structural development programs such as regional development, the relocation of farms outside crowded villages, and a considerable amount of land consolidation.

The larger part of farm assistance is intended to act directly on farm incomes—this year, mostly by increasing receipts rather than by reducing costs. Fertilizer subsidies, largest cost-reducing item, were cut by nearly 20 percent to $46 million, though subsidies on diesel fuel were increased somewhat. Milk subsidies, however, were increased by nearly 20 percent.

The government is committed by law to take no measures that would reduce farm incomes. Thus, if price agreements under the Common Market should result in lower prices for farm products in Germany, the government might have to compensate for these losses by increasing assistance payments under future Green Plans.

Prepared by Walter A. Stern, Regional Analysis Division, Economic Research Service, on the basis of a report from the office of the U.S. Agricultural Attaché, Bonn, Germany.

Photographs courtesy USIS

Left, oxen frequently haul grain that has been hand-harvested by sickle to stationary threshers; combines, right, are now generally used in plains area.

Greece's Agricultural Economy

—its accomplishments and problems. II

By EDWARD J. BELL
U.S. Agricultural Attaché, Athens

Since 1949, the Greek people and their government have devoted intensive effort to increasing agricultural production—both to improve the national diet and to increase agricultural exports, which are the largest source of foreign exchange. Remarkable progress has been made.

Ample justification of these efforts is provided by the obvious importance of agriculture to Greece. Agriculture supports one-half the population—contributes one-third the gross national product—and represents approximately four-fifths of all exports.

One by one Greece has tackled the problems of commodities and areas.

Home Consumption

For centuries *wheat* has been the chief food of the Greek people. Almost never in all their history have they produced enough.

In the prewar years (1935-38) imports were nearly 39 percent of total consumption. Immediately after the war imports, practically all from the United States, amounted to 35 percent. As late as 1957, imports were about 300,000 tons out of total requirements of 1,700,000. But by 1957 the widespread use of higher yielding varieties, nitrate fertilizers, better tillage methods, and 2,4-D weed killer, along with high price supports in effect since 1930, brought wheat production to the level of domestic food requirements for the first time.

Strangely enough, this presents a problem. Millers have found that they can make a better flour for the bakery trade with a blend of our Hard Red Winter and Greek soft wheat than with the domestic product alone. Imported wheat is priced below the present level of government price-supported wheat. At the same time, land in the wheat areas can be used for more intensive crops which would bring the farmers more money in the absence of wheat price supports.

Because of these factors, the government is now trying to discourage wheat production and induce farmers to shift a part of their wheat acreage to legumes, sugar beets, and other crops. One difficulty is that farmers, having become accustomed to high government price supports, are not easily persuaded to relinquish them.

The program for *livestock and poultry* is closely related to efforts to solve the wheat problem. Imports of live animals, meat, condensed milk, and other livestock and poultry products amount to about $27 million annually. Even with these imports, the people need more proteins in their diet. Sales of milk, eggs, and meat would add to the income of farmers. Legumes and grasses are needed to control erosion on the slopes and can be used as a substitute for wheat on the plains.

For these reasons the government is paying farmers to plant more alfalfa, vetch, and other forage legumes and is providing credit through the Agricultural Bank for the purchase of livestock and construction of sheds and other facilities. Imported sires in artificial insemination centers are being used to improve the quality of the native cattle.

The poultry industry is expanding. Until recently chickens have been raised chiefly for eggs and friers but a start has been made toward broiler production. New pasteurizing plants are being constructed and there are plans for evaporated milk production in one or two localities.

Even with all these efforts, livestock and poultry production is increasing only slowly. Consumer purchasing power is still low and local markets for such products are limited. Wheat under government price supports is more profitable and farmers are slow to change until they can be sure that the new enterprises will bring them more money than what they are doing now. There is, however, a gradual upward trend as more farmers gain experience and as consumer demand is developed.

The livestock and poultry program is of interest to U.S. farmers in a number of ways. Greece is now buying alfalfa seed from us as well as feed grains and soybean meal. Further expansion of livestock and poultry in Greece may well mean more demand for U.S. grain, meal, and seeds.

Sugar beets are another possible substitute for wheat. Greece is one of the few countries in the world that does not produce any sugar—except for a trial planting this year—and their imports have been increasing. Officials believe that the byproducts of the sugar industry can help stimulate livestock and dairy production and also save foreign exchange now being used to import sugar. Plans have been made for three sugar factories, the first to start operations this year.

Export Crops

The major efforts of Greek officials during the postwar period have been to expand export crops, Greece's most important source of foreign exchange. In spite of various problems, common to all exporters, Greek exports in 1958 amounted to $231.8 million compared with $90.1 million in 1938. The 1958 figure included almost $200 million of agricultural exports and $32 million of nonagricultural items.

Tobacco is the most important single export commodity. For many years the oriental tobacco of Greece and neighboring countries has been in demand by cigarette manufacturers in the United States and elsewhere. It is a crop requiring a large amount of hand labor because of the small leaves and methods of curing and grading. It is by far the most profitable crop in areas where it is adapted. Farmers, laborers, government officials, merchants, and exporters all want to see larger production and exports.

The industry was completely disrupted during the war, and recovery was slow. Exports in 1948-52 were only 29,000 metric tons as compared with 45,000 in 1935-38. Production, and exports soon began to increase under the stimulus of economic recovery and greatly expanded cigarette smoking in Western Europe, the United States, and elsewhere, and in 1957 Greek production reached an all-time high of 103,000 tons of marketable tobacco. The prewar average had been 61,000 metric tons. Consumption in Greece itself increased from 5,700 tons in 1938 to 11,700 in 1959.

Beginning in 1955 the government adopted a policy of buying all tobacco from the previous crop which producers had been unable to sell by July 1 of the following year. As a result, stocks began to accumulate and acreage allotments were imposed to keep production from expanding still further. Under these restrictions the tobacco area declined from about 305,000 acres in 1957 to 237,000 acres in 1960. The 1960 crop was very short so the acreage quotas are being increased in 1961, the intention being to stabilize the area at about 1 million stremmas (250,000 acres).

During the past few years, prices of tobacco have declined so that earnings from tobacco exports have been correspondingly lower—$73 million in 1959-60 compared with $82 million in 1957-58. While the short crop of 62,000 tons of marketable tobacco in 1960 has strengthened prices and improved the outlook for disposing of stocks on hand, the Greeks, like tobacco farmers in the United States, will not be able to sell as much tobacco as they would like to produce. They will, in all probability, be faced with the necessity of continued restrictions.

Cotton research was started at Sindos (west of Thessalonika) as early as 1929 but, even so, cotton production before the war did not meet domestic requirements. During recent years it has become the second most important export in terms of dollar value. The Greeks have developed a high-quality upland cotton that seems to be in demand in foreign markets and they have, as yet, experienced little difficulty in selling all they can raise.

Successful cotton growing in the dry summers requires irrigation. Mostly the water is supplied from small wells of individual farmers and, in many cases, sprinkler irrigation systems. Some large-scale irrigation works are being constructed by the government but these have not come into use to any extent. One exception is the Lake Copais project which was developed by a British company in the 19th century and was recently acquired by a quasi-governmental Greek organization. Cotton is being raised there on a large scale under irrigation.

In order to encourage further expansion of cotton growing, the government in 1960 and again in 1961 is paying farmers $10.67 per acre for irrigated cotton and $6.67 on nonirrigated land for all cotton planted. Under the stimulus of these payments and satisfactory prices, farmers planted about 415,000 acres in 1960 and 450,000 acres in 1961. The prewar area was 155,000 acres which by 1955-59 had increased to an average of 388,000 acres. Cotton consumption in Greece has had a slight upward trend, from 22,000 tons in 1952-53 to 26,000 tons in 1959-60. Further increases are anticipated as a result of a campaign by local textile manufacturers to promote the use of cotton goods.

Dried fruits—currants, raisins, and figs—are another export item of great importance to the economy of Greece. Currant production in recent years has been much lower than before the war—94,000 tons in 1960 compared with 158,000 in 1935-39. The government has set limitations on new plantings of currant vineyards to encourage a shift to citrus in the currant-producing areas. This was an adjustment to reduced demand in the postwar years, especially in the United Kingdom, the most important market for this commodity. Raisin production, on the other hand, has been encouraged. Western Germany and the United States are the most important buyers of Greek dried figs, the production of which long has been relatively stable.

Citrus fruit crops in recent years have been more than five times what they were before the war—274,000 tons in 1960 vs. 52,000 in 1935-38. Exports, mostly to Eastern Europe, were about 63,000 tons in 1959-60 compared with 11,000 tons in 1935-38. In the past 22 years, domestic consumption has increased from 41,000 metric tons to 211,000 tons.

Apples and peaches have also become important new export crops in recent years. Western Germany and other nearby countries have been the most promising markets but the demand varies considerably from year to year. However, when export outlets are shut off, the local population has been able and willing to buy the fruit.

New plantings have increased the number of *olive* trees but the biennial cycle still seems to persist. In 1958 and again in 1960 the crop was less than domestic oil requirements, while the crops in the odd-numbered years of 1957 and 1959 resulted in substantial surpluses for export. The 1960 crop was so short that olive oil and soybean oil have been imported from abroad. Edible olives fairly consistently earn some $5 million of foreign exchange annually.

Table grapes and *wine* are two other crops which were exported in the 1930's and are still being sold in world markets. Exports of table grapes have been more than double what they were in 1935-38. Wine exports have been lower than in prewar times, with the exception of 1958 when Greece sold 120,000 metric tons to France.

The agricultural accomplishments of Greek farmers in past years amply demonstrate their willingness to adopt new methods whenever they have proper incentives. They have made a remarkable record of increased production, especially considering the limited amount of arable land.

Marketing presents a number of problems. World markets are highly competitive, but the local market is expanding despite the low purchasing power of most consumers.

There still remains the problem of the mountain areas and many islands where people are on a bare subsistence basis. The Greeks are well aware of these problems and, as indicated in these two articles, they are making slow but steady progress.

Above, Greek women string tobacco, preparatory to hanging the leaves upon racks to dry. Right, the textile industry is growing to meet the needs of expanding home consumption.

Greeks consume more fruits and vegetables than any other Europeans. Here, below, tomatoes are being graded for sale in the Athens market.

Greece To Start Producing Its Own Supplies of Sugar

The Greek Government recently moved to cut down its heavy expenditures on sugar imports by going into the sugar business itself.

The government's first sugar refinery, built in Thessaly by a West German firm, will begin operation in August with a trial run of sugar beets from the first crop Greece has grown.

Sugar imports represent a serious drain on Greece's foreign exchange. In 1933-37 they averaged 66,000 metric tons; in 1955-59, 93,000.

Last spring the government authorized formation of the Greek Sugar Company and agreed to contribute 10 percent of the $6.7-million capital. The rest came from the Agrarian Bank and Union of Agricultural Cooperatives.

This company buys the beets from growers; this year it is paying $10.23 per ton. It also pays transportation from delivery centers to the refinery. Further aid to growers comes from the Agricultural Bank of Greece, by loans —partly in the form of pesticides and fertilizers—and by free seed.

U.S. Drinks More Tea But Far Less Than U.K.

Tea consumption in 1960 rose both in Great Britain and in the United States, the leading importers of tea. But Britain purchased almost five times more than the United States.

Measure of the vast quantity drunk by tea-loving Britons is that, despite a population more than three times smaller than that of the United States, the British in 1960 imported 505 million pounds as compared with the United States' 116 million pounds—a consumption of 10 pounds per Briton and only six-tenths of a pound per American.

Growth in U.S. tea imports reflects growth in population rather than any growth in individual consumption, since per capita intake in the United States has varied little over the years. Only variation was the switch from green tea, which in 1940 represented 72 percent of U.S. tea imports, to black tea, which now comprises 97 percent. Over three-fourths of U.S. tea comes from India, Ceylon and Indonesia.

Soybeans, Miracle Crop

(Continued from page 3)

pected to nearly double over the next 5 years with increases in government programs and sales for dollars. In this connection, it is worthy of note that Spain apparently developed a taste for soybean oil delivered under Public Law 480 agreements and has recently purchased, for dollars, 75,000 tons of soybean oil, in addition to purchases earlier in the marketing year under P.L. 480. Demand for soybean meal throughout Western Europe will continue to expand steadily.

Soybean Groups' Work

Increasing sales of soybeans and oil in foreign markets are a reflection of rising economic levels in numerous countries, but a great deal of credit goes to market development work by the Soybean Council of America and the American Soybean Association.

The Soybean Council was incorporated in 1956 for the specific purpose of expanding markets at home and abroad. The first projects were activated as recently as 1957 in Spain and Italy, and at present SCA is working in 54 countries. Using well-established techniques, this soybean team—made up of producers, processors, exporters, and FAS—is carrying the soybean story to dollar markets in protein- and oil-deficient countries all around the world.

Although soybeans have already absorbed 20 million acres in the United States formerly devoted to other crops, mostly oats and hay—and production is increasing rapidly — agricultural authorities believe that future demand, both at home and abroad, will keep in step with production and that unmanageable surpluses can be avoided. Livestock is requiring greater quantities, the food industry is making bigger use of soybean products, and industrial uses are growing. Measured against total world needs for protein and edible oils, U.S. soybeans would seem to have a tremendous job ahead in a developing world.

Now the fifth most important cash crop in the United States, soybeans are certain to be a symbol of agricultural growth and strength in the next quarter-century.

Soluble Coffee Industry

(Continued from page 8)

ditional pounds of soluble coffee output (at the Institute's conversion rate of 31.95 pounds per bag of green coffee).

Africa, Asia, Oceania

At present, Africa's industry is limited to 5 plants in the Union of South Africa. A plant is, however, to be constructed in Abidjan, Ivory Coast, with an initial capacity of about 80,000 bags of green coffee a year. Another may soon be set up in Ethiopia.

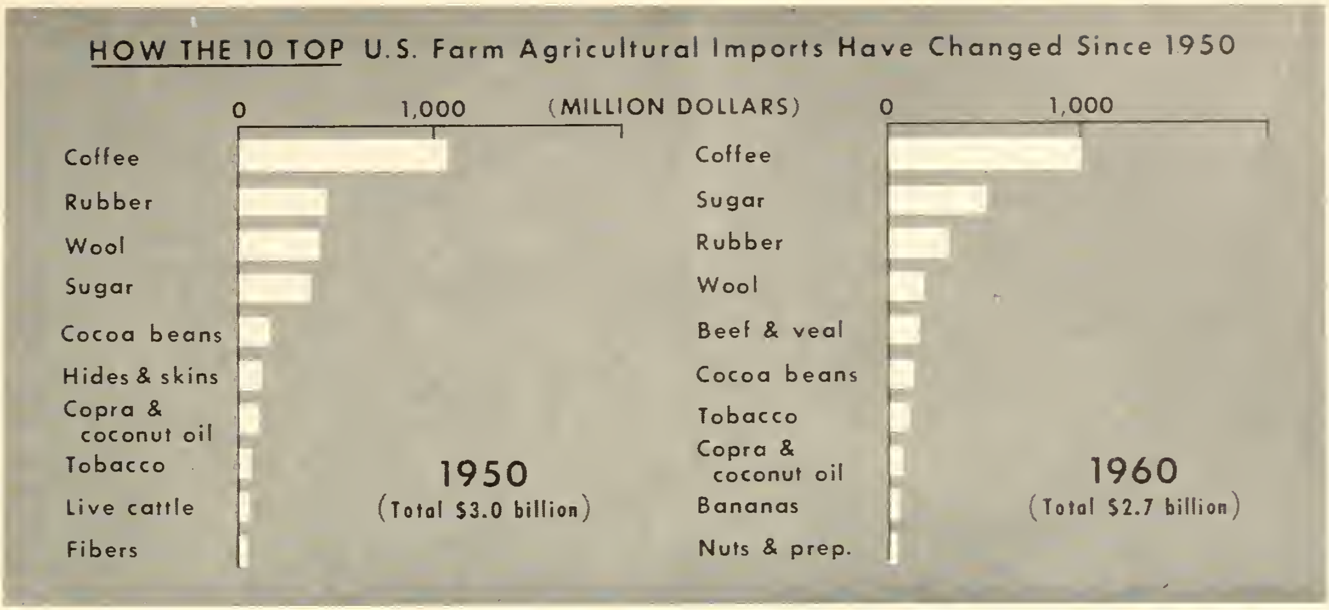
Asia's industry began in 1955 in the Republic of the Philippines. Philippine capacity is now reported at more than 2 million pounds a year. Israel has built two plants with a capacity of 500,000 pounds and has another nearly finished. India has one plant producing about 30,000 pounds. Japan began large-scale production in 1960 with 2 plants, and 2 others are on the planning board. 1961 sales there are expected to run more than 2.2 million pounds—10 times the 1960 volume.

Both Australia and New Zealand have soluble coffee industries. Australian production began in 1948 and is now reported at an annual 3.1 million pounds. Production in New Zealand began only about 3 years ago.

What Lies Ahead

Those experienced in the coffee trade tend to feel that instant coffee boosts coffee consumption most effectively in countries where coffee-drinking is a new thing. However, it has growing importance too in urban areas of traditional coffee-drinking countries, especially among young working couples for whom money, time, and kitchen space are prime considerations. It also appeals strongly to many older persons, weary after years of washing coffee pots. And even in families that prefer regular coffee, the handy jar of instant gives a boost to the family's total coffee consumption.

For reasons like those mentioned above, many in the coffee trade feel certain that the present rate of expansion in the soluble coffee industry will continue and perhaps even increase. But how coffee surpluses and world trade in coffee will be affected by this expansion is still in question.


HOW THE 10 TOP U.S. Farm Agricultural Imports Have Changed Since 1950

U.S. Farm Imports Lowest in 11 Years

–but the pattern of buying remains much the same

Although U.S. agricultural imports totaled $3,825 million in 1960 they were the lowest in 11 years.

The share of agricultural commodities in the total U.S. import bill has been going down steadily since 1947. In the immediate postwar period 1945-49, it averaged 44 percent, in 1955-59 it was down to 31 percent, and last year it dropped to 26 percent.

Despite this decline the pattern of our agricultural import trade has changed very little. Seven farm commodities that ranked among the "Big Ten" in 1950 were among the leaders in 1960, and the first four were still the first four last year.

Coffee continued to head the list. In 1950 we bought $1,091 million worth of coffee, last year $1,003 million. This does not mean the United States is drinking less coffee, but merely that prices have gone down. In 1950, 18.4 million bags were consumed, whereas 1960 saw 22.1 million bags entering this country.

Also interesting is the fact that 11 years ago just a little over 4 percent of the coffee purchased came from Africa compared with 17 percent in 1960. Most of this increase is accounted for by Robusta coffee, now one of Africa's biggest export crops.

Rubber, which ranked second in 1950, is now down to third place, with purchases about a million dollars below the 1950 figure. The United States is now using more synthetic rubber and, furthermore, has been selling rubber from its stockpile.

Wool shows an even greater drop—$427 million in 1950 as against $196 last year. Again, synthetics are partly the reason. Much less wool is used in carpets than formerly. As for apparel wool, it was way down last year. Not only are more manmade fibers being used in fabrics but we are bringing in more foreign wool materials. Wool prices have fallen off, so that this seemingly big drop is not so drastic as it appears, for wool has moved down only one place, from third to fourth.

Sugar, however, has jumped from No. 4 in 1950 to No. 2 last year, with a $125-million rise in value. While sugar has been increasing in value for a number of years, quantity has shown little fluctuation except to follow the upward trend in our population.

Probably the most spectacular change in the Ten is the emergence of *beef and veal* in fifth place. Eleven years ago our imports of these meats ranked twelfth. Then two things happened—Americans started barbecuing, with the result that the consumption of hamburgers, hot dogs, and such skyrocketed. At the same time, our cattle cycle reached the point where farmers were not slaughtering the type of cattle that produces manufacturing beef.

To satisfy demand, over $170 million worth of beef and veal—mostly beef—entered the United States last year. This was a 21-percent decline from the previous year. Currently, we are buying most of this manufacturing meat from Australia and New Zealand, with Ireland also important. In 1950, Argentina was the biggest supplier.

Cocoa—in the form of beans—slid from fifth to sixth, the value also declining—$167 million in 1950, $143 million last year. We buy one-third of the world's cocoa bean exports—but at the present time more cocoa products are being imported, and this cuts in on the cocoa bean imports.

Hides and skins, sixth in 1950 but twelfth last year, moved downward because of sharply increased domestic production and sharply decreased domestic consumption. One reason for the falling-off is the shoe situation. The same number of shoes are being manufactured in the United States but not as many of them are leather.

The seventh-ranking commodity in

1950—*copra* and *coconut oil*—was eighth last year, and the value of our purchases decreased from $103 million to $83 million. However, 1950 was a Korean War year with high imports, so the latter figure is closer to normal. Even so, there is some decline because of the switch from soap, which uses coconut oil, to detergents which do not.

Tobacco has reversed its position too—but in the other direction. Eighth in 1950, it is now seventh. Imports which totaled around $76 million in 1950 amounted to $115 million last year. We are buying more foreign growths for blending—oriental tobacco from Turkey and Greece for cigarettes and cigar filler and scrap from Cuba and the Philippines for cigars.

Live cattle (dutiable cattle, not for breeding) amounted to $75 million in 1950 and $68 million last year, slipping from ninth place to eleventh. Yet actually we bought some 200,000 head more. Much of this is border trade with Canada. When prices are higher in the United States than they are in Canada, feeder cattle and calves move south across the boundary line.

The last of the Big Ten in 1950 was the *fiber group*, which amounted to $65 million. Here too the Korean War was responsible; cordage fibers and jute are always in high demand in wartime. Nevertheless, fiber prices have been so high in the last few years that imports are now below normal.

In 1960, instead of cattle and fibers, bananas and nuts (including such preparations as desiccated coconut) were ninth and tenth, respectively. The United States buys over two-fifths of the world's banana shipments, valued at nearly $77 million last year.

In 1950, banana production had not recovered from the war. Since then it has boomed, particularly in Ecuador, which is now the world's largest producer. At the same time, consumption has mounted in the United States. We bought about 84 million stems last year and ate 23.7 pounds, or about 50 bananas, per person. Population growth accounts for this increase, since per capita consumption is only slightly above what it always has been.

As for nuts, we're apparently eating more of them too—chiefly cashews and Brazil nuts—for the 1960 import figure was well over $69 million.

Peru's Rising Fishmeal Exports Compete With U.S. Oilseed Meal

Peru's zooming production of fishmeal, over 55 percent of total world production, offers strong competition to U.S. exports of oilseed meal.

Peruvian fishmeal exports rose from 35,000 short tons in 1956 to 306,000 tons in 1959. Potentially greater increases were hampered by the government's 1956 edict forbidding expansion of the industry. Lifting of the ban in 1959 almost doubled production in one year to 559,000 short tons in 1960. Exports of 660,000 tons are expected for 1961, under a quota established by international agreement in Paris.

By contrast, U.S. exports of oilseed meal in 1960-61 will probably be about 30 percent below the record 871,000 short tons sent abroad in 1959-60.

U.S. exports of 205,000 short tons to Canada, the United States' most important single market, will probably hold up well because of Canada's growing hog industry. Western Europe, however, principal target for Peruvian fishmeal and U.S. oilseed, which in 1960 took 596,000 short tons of U.S. oilseed meal, is now taking less.

Price trends in the United States and Western Europe since early fall have not encouraged export of U.S. oilseed meals. While prices of U.S. soybean meal have increased 70 percent—from a 3-year low in November 1960 to the highest level since August 1954 in April 1961—prices of competitive peanut and linseed meal have declined or remained relatively stable. Current prices for these meals are well below last year's levels.

Peruvian fishmeal in April 1961 was selling for about $110 per ton (65 percent protein, c.i.f. European ports). While about 20 percent more than in November 1960 and 7 percent more than a year ago, this price is still far below those of 1958 and 1959.

In addition to the unfavorable price factor, European farmers are keeping out-of-pocket costs to a minimum because prices of dairy products are lower than last year. Though cattle numbers are up—and cattle consume 60 to 80 percent of the oilseed meal sold in Europe—they have used less this year because of bumper forage and feed grain supplies. Also, a mild winter and early spring have enabled cows to be on pasture for a longer period than usual. In contrast, U.S. exports of protein meal were up in 1959-60 because the 1959 summer drought in most of Europe cut forage and feed supplies.

This variability is one reason why U.S. oilseed producers are pleased with the growth of Europe's swine and poultry industries. Sales of oilseed for use by cattle go down when good weather produces ample forage and grazing for cattle. Sales of oilseed for nongrazing poultry and hogs, on the other hand, are unaffected by changes in forage and grazing conditions.

While consumption of oilseed meals by hogs and poultry in Western Europe is at the moment not as important as is use by dairy cows, it is expanding rapidly. In contrast to dairy cows, hogs and poultry consume oilseed (and, of course, fish) meal mainly via mixed feeds. Higher incomes in Europe are being reflected in rising demand for animal products. This, in turn, is encouraging the expansion of the mixed feed industry, because of a growing appreciation of the value of nutritionally balanced rations and the realization that this can best be provided on a commercial basis.

While fishmeal is in direct and increasingly effective competition with U.S. oilseed meal, it does not compete as strongly with U.S. exports of soybeans, a much more valuable export than meal. Most Western European countries prefer to buy soybeans in order to give employment to their own crushing industries and obtain both meal and oil.

Another factor, albeit temporary, which gives U.S. soybeans an edge, is the fact that soybean exports from Communist China, the other major producer, have been drastically cut due to general food shortages in China.

Be that as it may, U.S. soybean exporters, edge and all, are having rougher sledding in 1960-61 because their prices are higher.

Yugoslav Plan for 1960-65 Aims at Further Farm Gains

The government is relying on large capital investments and high commodity goals to produce the agricultural output needed to better the national diet and increase exports.

By PAULINE McD. MICHAEL
Regional Analysis Division
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Yugoslavia's new 5-year economic plan calls for a 50-percent increase in the volume of agricultural production by 1965 over that of 1959-60.

The government's hope of success is based chiefly on the agricultural production achieved during 1957-60, when an anticipated 41-percent gain above 1951-55 was greatly exceeded, according to the Yugoslavs. It should be borne in mind, however, that the base period was characterized by mediocre crops. The success during the past 4 years was in part due to favorable weather. Therefore the current plan aims to leave as little as possible to chance; relatively large government investments are planned for agriculture during 1961-65, and very high goals have been set for most commodities.

The volume of agricultural production is to increase at an annual rate of 8.3 percent, with emphasis on livestock, particularly cattle, an area where there has been relatively small success. Corn production is expected to increase 56 percent above the 1959-60 average, wheat and rye by 22 percent, sugar beets by 82 percent, sunflowerseed by 44 percent, tobacco by 58 percent. Meat production is to increase by 58 percent above that of 1960, milk by 63 percent, and eggs by 94 percent.

Agricultural Costs High

While production has exceeded its goals in recent years, the cost has been high. Transportation, storage (especially for grain), farm machinery, and chemicals have failed to keep pace.

The Plan's principal remedy for these problems is large capital investments. About $907 million will go to develop basic resources. The sum of $187 million is to be spent on better agricultural marketing facilities. About $152 million will go into the food processing, chemical, and farm machinery industries.

The number of tractors (36,000 in 1960) and grain combines (4,000 in 1960) is to approximately double by 1965. This should make possible the mechanized cultivation of soil and harvesting on 6 million to 7 million acres, or about one-third of the area of total cropland. Chemical fertilizer production is to jump from 280,000 metric tons to over 2 million tons per year.

Irrigation, reclamation, and soil conservation programs are to be pushed—particularly where these favor the organization of large socialist farms, or increased production.

An important part of this planned increase in output is aimed at improvement in the national diet. Though this has bettered somewhat in recent years, the proportion of high-quality foods has been relatively small. Calories from cereals have made up over 60 percent of the total, and meat consumption has been one of the lowest in Europe.

According to the plan, per capita grain consumption should decrease by 1965 about 12 percent below that of 1960. Per capita meat and fish consumption is to increase 41 percent, sugar 73 percent, and fats 20 percent. The proportion of total calories from livestock products should rise abut one-third over that of 1960.

Emphasis in exports will continue to be on industrial products, but an increase is anticipated also in exports of farm products, which together with forestry products are expected to make up about one-third of total exports. Agricultural imports are to decrease.

Important Trade Policies

A major change in foreign trade policy became effective March 15, 1961, when the multiple exchange rate system was abandoned. The new single exchange rate is 750 dinars to the U.S. dollar and for the first time is applicable to all imports and exports.

Loans from several European countries, the United States, and the International Monetary Fund are helping back Yugoslav exchange reserves.

Because of increased farm mechanization and industrial development, the ratio of Yugoslavia's agricultural population to the total probably will decline by the end of 1965. At present it is 50 percent of the total population. Thus, a country that prior to World War II was predominantly agricultural is shifting toward industry.

Agriculture's share in the national product is expected to fall from the current 23.9 percent level to slightly less than 20 percent by 1965, because of greater progress planned for other branches of the economy.

Although at present only 265,000 persons, or 4.5 percent of the total agricultural working force, are employed in the socialist sector, the government expects an increase of 49 percent in this figure in the next 5 years. Labor productivity in the socialist sector is to rise 104.5 percent.

The present system under which the peasants are encouraged to join the socialist sector is through various types of contracts between farmers and the General Agricultural Cooperatives. The cooperative furnishes machinery, fertilizer, seed, and so forth—and the farmer furnishes land and labor. Profits are divided according to the contract, but as the importance of the cooperative's contribution increases, the value of the farmer's quid pro quo goes down. This method of gradually assimilating the peasantry into the socialist sector is to be expanded. In addition, state and cooperative farms will enlarge their land areas through rental, purchase, and reclamation.

By 1965, socialized agriculture, including that part under contract with individual peasants, is expected to furnish the bulk of both production and market surplus.

Many of the goals for agriculture appear unrealistic, but some may be attained with increased investments, and if the individual peasants find the effort profitable. Much also will depend on the weather.

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Sudan Is Good Potential Customer for U.S. Leaf

Greater purchasing power from bigger cotton exports is making Sudan a potential customer for U.S. tobacco.

Much of the cotton is coming from the Gezira, a 5-million-acre region in the heart of the country. One million acres have been irrigated and are being farmed by formerly landless natives. The proposed Roseires dam will irrigate an additional 2 million acres, Begun in 1946, the Gezira Scheme is a large factor in the country's growing economic strength.

Under this impetus, Sudan has become one of the fastest growing tobacco importers in Africa. Previously Sudanese tobacco consumption had been mostly limited to about 1 million pounds of cigarettes imported annually from the United Kingdom. With the opening of the new cigarette factory at Wad Medani, Sudan now has also become a purchaser of tobacco leaf—and in 1960 bought 646,000 pounds of Indian leaf, 6 times initial shipments in 1959.

Much of Sudan is arid, and areas suitable for growing tobacco will probably never be able to meet the country's tobacco needs. Transportation into the interior is a big problem. For this reason, Rhodesia, with relatively easy access to the Wad Medani factory through Port Sudan, may soon move into this market.

Currently Sudan buys only low-grade leaf from India and Ethiopia. However, Sudanese smoking tastes have been educated on English cigarettes which contain over 50 percent of high-grade U.S. leaf. The Sudanese may well wish to buy U.S. leaf for blending in cigarettes of home manufacture as soon as their growing purchasing power makes this possible.

U.S. Mohair Exports Begin 1961 With 54-Percent Jump

The first 3 months of 1961 saw U.S. exports of mohair 54 percent higher than in the same period in 1960. Total sales were over 5 million pounds.

Biggest buyers were the United Kingdom, Japan, Belgium, and the Netherlands, whose purchases increased a total of 1.8 million pounds. Appreciably down were U.S. shipments to West Germany, Italy and Switzerland.

U.S. Wheat–Flour Exports Hitting Record Highs

U.S. wheat and flour exports in 1960-61 are expected to reach 620 million bushels, a record-breaking 13 percent above the previous high level established in 1956-57. Already, July 1960 through March 1961, U.S. wheat and flour exports were approximately 40 percent above the comparable period for the year before. Wheat was up 49 percent, flour 10 percent.

India, which continues under P.L. 480 to buy the huge amounts necessary for its large population, imported more wheat and flour from the United States during this period than the total of the next three largest importers—Egypt (30.3 million bushels); Poland (35.2 million bushels); and Italy (27.6 million bushels). Other countries which appreciably increased imports of U.S. wheat in 1960-61 were Spain, Japan, and Pakistan.

Principal reason for record U.S. sales abroad was smaller wheat crops in a number of major wheat-growing areas—notably Western Europe, Eastern Europe and the Soviet Union, and Argentina—off about 170 million bushels.